

Decision \_\_\_\_\_

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Application of Pacific Gas and Electric Company  
for Authority, Among Other Things, to Increase  
Rates and Charges for Electric and Gas Service  
Effective on January 1, 1999.

(U 39 M)

Application 97-12-020  
(Filed December 12, 1997)

Investigation into the Reasonableness of  
Expenses Related to the Out-Of-Service Status of  
Pacific Gas and Electric Company's El Dorado  
Hydroelectric Project and the Need to Reduce  
Electric Rates Related To This Non-Functioning  
Electric Generating Facility.

Investigation 97-11-026  
(Filed November 19, 1997)

Application of Pacific Gas and Electric Company  
for Authority, Among Other Things, to Decrease  
its Rates and Charges for Electric and Gas  
Service, and Increase Rates and Charges for  
Pipeline Expansion Service.

Application 94-12-005  
(Filed December 9, 1994)

Order Instituting Investigation Into Rates,  
Charges, and Practices of Pacific Gas and Electric  
Company.

Investigation 95-02-015  
(Filed February 22, 1995)

**ADDITIONAL OPINION REGARDING PACIFIC GAS AND  
ELECTRIC COMPANY'S MOTION TO EXTEND THE DATE FOR  
TENDERING THE NOTICE OF INTENT ASSOCIATED WITH ITS  
TEST YEAR 2002 GENERAL RATE CASE**

**1. Summary**

This decision defers Pacific Gas and Electric Company's (PG&E) next general rate case (GRC) to a 2003 Test Year.

**2. Background**

On January 25, 2001, PG&E filed a petition for modification of Decision (D.) 00-07-050. The Decision directed PG&E to file its Notice of Intent (NOI), associated with a Test Year (TY) 2002 General Rate Case (GRC), on May 1, 2001. PG&E requested that the Commission modify D.00-07-050 to excuse PG&E from the May 1 NOI filing, and allow PG&E to propose an alternative schedule.

The Commission, in response to PG&E's petition, granted the utility an interim extension of time until the Commission addressed PG&E's petition (D.01-03-052).

On May 18, 2001, the Office of Ratepayer Advocates (ORA) filed an amended protest to the petition. ORA asserts that any further delay of PG&E's GRC will likely be to the detriment of ratepayers because ORA expects rates to decrease in PG&E's TY 2002 GRC.

On June 4, 2001, PG&E responded to ORA's amended protest. PG&E disputes ORA's contentions, but agrees with ORA that there is a need for the Commission to establish a comprehensive schedule so that PG&E and all affected energy utilities can prepare their GRC filings. PG&E recommends that the Commission should first afford all affected utilities and interested parties the opportunity to present their position. PG&E states that if the Commission then decides to direct PG&E to tender an NOI associated with its TY 2002 GRC in

August of this year and provides PG&E with reasonable notice, it is prepared to do so, subject to certain reservations.<sup>1</sup>

### **3. Discussion**

We believe that it is now too late to initiate a TY 2002 GRC in order to have new rates in place by January 1, 2002. When we issued D.00-07-050, we had planned to stagger PG&E and Southern California Edison Company's (SCE) GRCs to balance the workload for our staff and for intervenors. Events have overtaken this plan, however, and SCE has been ordered to file its NOI on August 15, 2001 (D.01-06-039).<sup>2</sup> At this point, it no longer makes sense to initiate a TY 2002 GRC for PG&E. Even if we were to expedite these proceedings, we suspect that they would not be completed until year-end 2002. Therefore, we will order PG&E to tender its NOI for its TY 2003 GRC application 20 days from the effective date of this decision.

ORA will have the opportunity to review the NOI and notify PG&E of any deficiencies. We expect ORA to complete this task within 25 days of the date the NOI is tendered. PG&E shall correct its NOI deficiencies in a timely manner and file the NOI. Per the Rate Case Plan D.89-01-040, PG&E would then file its application 60 days later. We will adhere to this aspect of the Rate Case Plan, but will expedite the timing of this proceeding. Our goal is to have new rates in

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<sup>1</sup> In making a GRC filing with the Commission, PG&E states that it reserves the right to amend or withdraw the GRC by reason of its status as a debtor under Chapter 11 of the Bankruptcy Code and by reason of events that may occur in its Chapter 11 case. PG&E contemplates that its GRC would include costs associated with distribution. Costs associated with generation with post Gas Accord-related activities would be the subject of a separate filing, according to PG&E.

<sup>2</sup> By Executive Director's letter, this date has been extended to September 13, 2001.

place by January 1, 2003. Developments following the deregulation of the wholesale electricity market have changed utility operations and current rates may no longer reflect PG&E's cost of service. For this reason, it is necessary to review PG&E's revenue requirement to determine if PG&E rates are just and reasonable. To enable such a review to take place with the least possible delay, it will be necessary to temporarily suspend the schedules set forth in the Rate Case Plan. Accordingly, we direct the assigned administrative law judge to set an expedited schedule to meet our January 1, 2003 goal for new rates for PG&E.

As we stated in D.00-07-050, PG&E must make its showing in its application and supporting testimony. There will be no opportunity to update information and rebuttal will be used only to rebut the positions put forward by intervenors and interested parties – not as an opportunity for PG&E to update or change its position. Moreover, we reiterate that it is essential that Commission staff be able to understand and run PG&E's Results of Operation computer model without PG&E running the models for them.

We did not address the need for attrition for 2002 in D.00-07-050. Given that we are delaying the GRC until TY 2003, we ask PG&E and other parties to comment on the need for such a proceeding. These comments should be filed and served no later than 15 days from the effective date of this decision.

#### **4. Comments on Draft Decision**

We balance the public interest in setting a TY 2003 proceeding before it is too late against the public interest in having a full comment cycle on the draft decision. We conclude that the former outweighs the latter. This is a procedural matter and we find that it is reasonable to waive the public review and comment period.

**Findings of Fact**

1. Developments following the deregulation of the wholesale electricity market require a reexamination of PG&E's current rates.
2. Given the time required to process a GRC, the earliest feasible opportunity to review the reasonableness of PG&E's rates would be in a TY 2003 GRC for new rates to be in place by January 1, 2003.

**Conclusions of Law**

1. PG&E should be ordered to file a Notice of Intent for a TY 2003 GRC, as described herein.
2. PG&E should provide a complete showing with regard to its Results of Operation computer model, sufficient to enable the Commission staff to understand and run the model (see D.00-07-050).
3. Due to the need to process a GRC for PG&E without further delay, this order should be effective today.

**O R D E R****IT IS ORDERED** that:

1. Decision (D.) 00-07-050 is modified to allow Pacific Gas & Electric Company to file its Notice of Intent (NOI) for a Test Year (TY) 2003 General Rate Case (GRC).
2. PG&E shall tender its NOI no later than 20 days from the effective date of this decision. The Office of Ratepayer Advocates (ORA) shall notify PG&E of any deficiencies within 25 days after PG&E tenders its NOI. PG&E shall correct its NOI deficiencies in a timely manner, with the goal of filing its NOI within 21 days after ORA notifies PG&E of any deficiencies. PG&E shall file its application within 60 days of the date its NOI is filed, pursuant to D.89-10-040.

3. Parties may file comments on the need for an attrition increase for PG&E in 2002, no later than 15 days from the effective date of this decision.

4. The assigned administrative law judge is directed to develop an expedited schedule to complete a TY 2003 GRC other than the goal of having new rates in place by January 1, 2003.

This order is effective today.

Dated \_\_\_\_\_, at San Francisco, California.